

TOWN OF MELVILLE, LOUISIANA

Financial Report

Year Ended September 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

~~February 1999~~ April 14, 1999

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4-5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	6
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - all governmental fund types	7-8
Comparative statement of revenues, expenses, and changes in retained earnings - proprietary fund type	9
Comparative statement of cash flows - proprietary fund type	10-11
Notes to financial statements	12-27
SUPPLEMENTAL INFORMATION	
SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
<i>General Fund:</i>	
Comparative balance sheet	31
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	32
Statement of revenues - budget (GAAP basis) and actual	33
Statement of expenditures - budget (GAAP basis) and actual	34-35
<i>Special Revenue Funds:</i>	
Combining balance sheet	37
Combining statement of revenues, expenditures, and changes in fund balances	38
1982 Sales Tax Fund -	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	39
Statement of expenditures - budget (GAAP basis) and actual	40-41
1989 Sales Tax Fund -	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	42

Debt Service Funds:	
<i>Combining balance sheet</i>	44
Combining statement of revenues, expenditures, and changes in fund balances	45
Public Improvement Bonds 03/01/72 Fund -	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	46
General Obligation Bonds 08/14/91 Fund -	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	47
Sales Tax Bonds 08/14/91 Fund -	
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	48
Enterprise Fund:	
Utility Fund-	
Comparative balance sheet	50-51
Comparative statement of revenues, expenses, and changes in retained earnings	52
Comparative statement of operating expenses by department	53
Comparative statement of cash flows	54-55
Schedule of changes in assets restricted for revenue bond debt service	56
General Fixed Assets Account Group:	
Comparative statement of general fixed assets	58
Statement of changes in general fixed assets	59
General Long-Term Debt Account Group:	
Statement of general long-term debt	61
INTERNAL CONTROL AND COMPLIANCE, AND OTHER INFORMATION	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	63-64
Summary schedule of current and prior year audit findings and corrective action plan	65-66
OTHER SUPPLEMENTAL INFORMATION	
Schedule of number of utility customers (unaudited)	68
Comparative departmental analysis of revenues and expenses	69-70
Schedule of interest-bearing deposits - all funds	71
Schedule of insurance in force (unaudited)	72

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INDEPENDENT AUDITORS' REPORT

The Honorable James Fontenot, Mayor
and Members of the Board of Aldermen
Town of Melville, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Melville, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's elected officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. The Town has included such disclosures in Note 17. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Town's disclosures with respect to the year 2000 issue made in Note 17. Further, we do not provide assurance that the Town is or will be year 2000 ready, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the Town does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Melville, Louisiana, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 26, 1999 on our consideration of the Town of Melville's internal control structure and its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Other Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Melville, Louisiana. Such information, except for the portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
February 26, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

TOWN OF MELVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1998

	Governmental Fund Types			Proprietary Fund Type		Account Groups			Totals	
	General Fund	Special Revenue	Debt Service	Enterprise	General Fixed Assets	Long-Term Debt	1998		1997	
							1998	1997	1998	1997
ASSETS AND OTHER DEBITS										
Cash	\$25,247	\$13,308	\$18,026	\$ 12,046	\$ -	\$ -	\$ 68,627	\$ 44,915		
Interest-bearing deposits	-	33,651	15,701	17,760	-	-	67,112	65,220		
Receivables -										
Taxes	665	-	775	-	-	-	1,440	2,153		
Accounts (net)	-	-	-	28,231	-	-	28,231	24,531		
Accrued interest	-	9	-	488	-	-	497	462		
Due from other funds	21,102	296	7,206	-	-	-	28,604	26,100		
Due from other governmental units	2,263	-	-	45,155	-	-	47,418	1,820		
Other	-	-	-	6,087	-	-	6,087	5,798		
Restricted assets:										
Interest-bearing deposits	-	-	-	254,412	-	-	254,412	234,877		
Land	-	-	-	-	92,159	-	92,159	92,159		
Buildings	-	-	-	-	430,692	-	430,692	406,849		
Equipment	-	-	-	-	188,196	-	188,196	188,196		
Utility property, plant and equipment	-	-	-	5,462,952	-	-	5,462,952	5,331,571		
Accumulated depreciation	-	-	-	(1,589,467)	-	-	(1,589,467)	(1,460,182)		
Amount available in debt service funds	-	-	-	-	-	41,412	41,412	36,157		
Amount to be provided for retirement of general long-term debt and capital lease obligations	-	-	-	-	-	393,913	393,913	430,406		
Total assets and other debits	\$49,277	\$47,264	\$41,708	\$ 4,237,664	\$711,047	\$435,325	\$ 5,522,285	\$ 5,431,032		

(continued)

TOWN OF MELVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
September 30, 1998

	Governmental Fund Types			Proprietary Fund Type			Account Groups			Totals	
	General Fund	Special Revenue	Debt Service	Enterprise	General Fixed Assets	Long-Term Debt	1998	(Memorandum Only) 1997			
	\$	\$	\$	\$	\$	\$	\$	\$			
LIABILITIES, EQUITY AND OTHER CREDITS											
Liabilities:											
Bank overdraft	-	-	-	-	-	-	-	-	-	-	4
Accounts payable	3,752	2,214	-	6,000	-	-	11,966	11,431	-	-	11,431
Contracts payable	-	-	-	45,155	-	-	45,155	-	-	-	-
Retainage payable	-	-	-	7,995	-	-	7,995	-	-	-	-
Other accrued liabilities	1,696	1,047	-	3,808	-	-	6,551	4,600	-	-	4,600
Due to other funds	-	13,087	296	15,221	-	-	28,604	26,100	-	-	26,100
Payable from restricted assets -											
Revenue bonds payable	-	-	-	39,000	-	-	39,000	38,000	-	-	38,000
Accrued interest payable	-	-	-	22,600	-	-	22,600	23,718	-	-	23,718
Customers' deposits	-	-	-	32,335	-	-	32,335	31,855	-	-	31,855
General obligation bonds payable	-	-	-	-	-	435,325	435,325	464,535	-	-	464,535
Revenue bonds payable	-	-	-	1,150,000	-	-	1,150,000	1,189,000	-	-	1,189,000
Obligations under capital lease	-	-	-	-	-	-	-	2,028	-	-	2,028
Total liabilities	5,448	16,348	296	1,322,114	-	435,325	1,779,531	1,791,271	-	-	1,791,271
Equity and other credits:											
Contributed capital (net of accumulated amortization)	-	-	-	2,383,625	-	-	2,383,625	2,474,545	-	-	2,474,545
Investment in general fixed assets	-	-	-	-	711,047	-	711,047	687,204	-	-	687,204
Retained earnings -											
Reserved for revenue bond retirement	-	-	-	160,477	-	-	160,477	141,304	-	-	141,304
Unreserved	-	-	-	371,448	-	-	371,448	225,646	-	-	225,646
Total retained earnings	-	-	-	531,925	-	-	531,925	366,950	-	-	366,950
Fund balances -											
Designated for fire department	-	-	-	-	-	-	-	5,113	-	-	5,113
Reserved for debt service	-	-	41,412	-	-	-	41,412	36,157	-	-	36,157
Unreserved-undesignated	43,829	30,916	-	-	-	-	74,745	69,792	-	-	69,792
Total fund balances	43,829	30,916	41,412	-	-	-	116,157	111,062	-	-	111,062
Total equity and other credits	43,829	30,916	41,412	2,915,550	711,047	-	3,742,754	3,639,761	-	-	3,639,761
Total liabilities, equity and other credits	\$49,277	\$47,264	\$41,708	\$4,237,664	\$711,047	\$435,325	\$5,522,285	\$5,431,032	-	-	\$5,431,032

The accompanying notes are an integral part of this statement.

TOWN OF MELVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended September 30, 1998

	General Fund	Special Revenue	Debt Service	Totals (Memorandum Only)	
				1998	1997
Revenues:					
Taxes	\$ 19,090	\$120,753	\$ 16,109	\$ 155,952	\$ 148,041
Licenses and permits	21,108	-	-	21,108	20,367
Intergovernmental	64,773	-	-	64,773	63,031
Fines and forfeits	10,057	-	-	10,057	10,088
Miscellaneous	28,881	5,939	460	35,280	31,952
Total revenues	<u>143,909</u>	<u>126,692</u>	<u>16,569</u>	<u>287,170</u>	<u>273,479</u>
Expenditures:					
Current -					
General government	89,274	9,639	-	98,913	118,670
Public safety:					
Police	52,900	35,117	-	88,017	102,775
Rescue unit and fire	-	13,469	-	13,469	24,842
Highways and streets	35,627	1,846	-	37,473	43,271
Culture and recreation	5,930	3,654	-	9,584	3,870
Debt service -					
Principal retirement	2,028	-	29,210	31,238	26,169
Interest and fiscal charges	138	-	25,343	25,481	32,282
Capital outlay	23,843	-	-	23,843	32,525
Total expenditures	<u>209,740</u>	<u>63,725</u>	<u>54,553</u>	<u>328,018</u>	<u>384,404</u>
Excess (deficiency) of revenues over expenditures	<u>(65,831)</u>	<u>62,967</u>	<u>(37,984)</u>	<u>(40,848)</u>	<u>(110,925)</u>
Other financing sources (uses):					
Operating transfers in	89,317	8,037	44,342	141,696	185,090
Operating transfers out	(7,103)	(88,650)	-	(95,753)	(131,401)
Total other financing sources (uses)	<u>82,214</u>	<u>(80,613)</u>	<u>44,342</u>	<u>45,943</u>	<u>53,689</u>
Excess (deficiency) of revenues and other sources over expenditures other uses	16,383	(17,646)	6,358	5,095	(57,236)
Fund balances, beginning	<u>27,446</u>	<u>48,562</u>	<u>35,054</u>	<u>111,062</u>	<u>168,298</u>
Fund balances, ending	<u>\$ 43,829</u>	<u>\$ 30,916</u>	<u>\$ 41,412</u>	<u>\$ 116,157</u>	<u>\$ 111,062</u>

The accompanying notes are an integral part of this statement.

TOWN OF MELVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - All Governmental Fund Types
Year Ended September 30, 1998

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 19,800	\$ 19,090	\$ (710)
Licenses and permits	20,200	21,108	908
Intergovernmental	61,664	64,773	3,109
Fines and forfeits	10,500	10,057	(443)
Miscellaneous	30,350	28,881	(1,469)
Total revenues	<u>142,514</u>	<u>143,909</u>	<u>1,395</u>
Expenditures:			
Current -			
General government	93,197	89,274	3,923
Public safety:			
Police	59,955	52,900	7,055
Rescue unit and fire	-	-	-
Highways and streets	35,525	35,627	(102)
Culture and recreation	2,750	5,930	(3,180)
Debt service -			
Principal retirement	2,028	2,028	-
Interest and fiscal charges	200	138	62
Capital outlay	17,450	23,843	(6,393)
Total expenditures	<u>211,105</u>	<u>209,740</u>	<u>1,365</u>
Excess (deficiency) of revenues over expenditures	<u>(68,591)</u>	<u>(65,831)</u>	<u>2,760</u>
Other financing sources (uses):			
Operating transfers in	73,000	89,317	16,317
Operating transfers out	(1,103)	(7,103)	(6,000)
Total other financing sources (uses)	<u>71,897</u>	<u>82,214</u>	<u>10,317</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,306	16,383	13,077
Fund balances, beginning	<u>27,446</u>	<u>27,446</u>	<u>-</u>
Fund balances, ending	<u>\$ 30,752</u>	<u>\$ 43,829</u>	<u>\$13,077</u>

The accompanying notes are an integral part of this statement.

Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$119,500	\$120,753	\$ 1,253	\$ 16,000	\$ 16,109	\$ 109
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,000	5,939	(61)	500	460	(40)
<u>125,500</u>	<u>126,692</u>	<u>1,192</u>	<u>16,500</u>	<u>16,569</u>	<u>69</u>
10,500	9,639	861	-	-	-
38,280	35,117	3,163	-	-	-
16,660	13,469	3,191	-	-	-
3,200	1,846	1,354	-	-	-
3,500	3,654	(154)	-	-	-
-	-	-	24,500	29,210	(4,710)
-	-	-	30,175	25,343	4,832
-	-	-	-	-	-
<u>72,140</u>	<u>63,725</u>	<u>8,415</u>	<u>54,675</u>	<u>54,553</u>	<u>122</u>
<u>53,360</u>	<u>62,967</u>	<u>9,607</u>	<u>(38,175)</u>	<u>(37,984)</u>	<u>191</u>
15,000	8,037	(6,963)	44,342	44,342	-
(84,239)	(88,650)	(4,411)	-	-	-
<u>(69,239)</u>	<u>(80,613)</u>	<u>(11,374)</u>	<u>44,342</u>	<u>44,342</u>	<u>-</u>
(15,879)	(17,646)	(1,767)	6,167	6,358	191
<u>48,562</u>	<u>48,562</u>	<u>-</u>	<u>35,054</u>	<u>35,054</u>	<u>-</u>
<u>\$ 32,683</u>	<u>\$ 30,916</u>	<u>\$ (1,767)</u>	<u>\$ 41,221</u>	<u>\$ 41,412</u>	<u>\$ 191</u>

TOWN OF MELVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type
 Years Ended September 30, 1998 and 1997

	Totals	
	1998	1997
Operating revenues:		
Charges for services -		
Gas sales	\$ 157,072	\$ 159,553
Water sales	85,683	72,988
Sewer sales	93,839	94,006
Delinquent charges	9,764	7,355
Miscellaneous -		
Slemco franchise	51,469	49,312
Other	3,770	1,795
Total operating revenues	<u>401,597</u>	<u>385,009</u>
Operating expenses:		
Gas department expenses	164,809	191,685
Water department expenses	73,350	89,919
Sewer department expenses	111,198	128,074
Total operating expenses	<u>349,357</u>	<u>409,678</u>
Operating income (loss)	<u>52,240</u>	<u>(24,669)</u>
Nonoperating revenues (expenses):		
Interest income	14,260	12,571
Interest expense	(69,888)	(71,926)
Water grant	123,386	-
Total nonoperating revenues (expenses)	<u>67,758</u>	<u>(59,355)</u>
Income (loss) before operating transfers	<u>119,998</u>	<u>(84,024)</u>
Operating transfers in (out):		
Operating transfers in	29,374	55,897
Operating transfers out	(75,317)	(109,586)
Total operating transfers in (out)	<u>(45,943)</u>	<u>(53,689)</u>
Net income (loss)	74,055	(137,713)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>90,920</u>	<u>90,921</u>
Increase (decrease) in retained earnings	164,975	(46,792)
Retained earnings, beginning	<u>366,950</u>	<u>413,742</u>
Retained earnings, ending	<u>\$ 531,925</u>	<u>\$ 366,950</u>

The accompanying notes are an integral part of this statement.

TOWN OF MELVILLE, LOUISIANA

Comparative Statement of Cash Flows -
Proprietary Fund Type
Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 52,240	\$ (24,669)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities -		
Depreciation	129,285	128,702
Changes in current assets and liabilities:		
Increase in accounts receivable	(3,700)	(148)
Increase in other receivable	(289)	(546)
Decrease in due from 1989 Sales Tax Fund	-	7,198
Decrease in cash overdraft	(4)	(256)
(Decrease) increase in accounts payable	339	(5,906)
Increase in contracts payable	45,155	-
Increase in retainage payable	7,995	-
Decrease in due to General Fund	-	(2,248)
Decrease in due to 1982 Sales Tax Fund	-	(5,755)
Decrease in due to debt service funds	-	(910)
Increase in other accrued liabilities	1,038	310
Increase in customers' deposits	480	8,300
Total adjustments	<u>180,299</u>	<u>128,741</u>
Net cash provided by operating activities	<u>232,539</u>	<u>104,072</u>
Cash flows from noncapital financing activities:		
Transfer from 1982 Sales Tax Fund	11,374	-
Transfer from debt service funds	-	1,082
Transfer from 1989 Sales Tax Fund	18,000	48,815
Transfer to General Fund	(74,317)	(65,252)
Transfer to 1982 Sales Tax fund	(1,000)	(38,334)
Net cash used for noncapital financing activities	<u>(45,943)</u>	<u>(53,689)</u>
Cash flows from capital and related financing activities:		
Interest paid on revenue bonds	(71,006)	(72,985)
Principal paid on revenue bonds	(38,000)	(35,000)
Purchase of property, plant and equipment	(131,381)	(7,271)
Proceeds from water grant	78,231	-
Net cash used for capital and related financing activities	<u>(162,156)</u>	<u>(115,256)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(47,571)	(45,291)
Proceeds from the maturities of interest-bearing deposits	46,413	95,663
Interest received on interest-bearing deposits	14,234	13,435
Net cash provided by investing activities	<u>13,076</u>	<u>63,807</u>
Net increase (decrease) in cash and cash equivalents	37,516	(1,066)
Cash, cash equivalents and restricted cash, beginning of period	<u>222,620</u>	<u>223,686</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 260,136</u>	<u>\$ 222,620</u>

(continued)

TOWN OF MELVILLE, LOUISIANA
 Comparative Statement of Cash Flows -
 Proprietary Fund Type (Continued)
 Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 249	\$ 2,830
Interest-bearing deposits - unrestricted	10,418	75,071
Interest-bearing deposits - restricted	234,877	219,080
Less: certificates of deposit with a maturity over three months	<u>(22,924)</u>	<u>(73,295)</u>
Total cash and cash equivalents	<u>222,620</u>	<u>223,686</u>
 Cash and cash equivalents, end of period -		
Cash - unrestricted	12,046	249
Interest-bearing deposits - unrestricted	17,760	10,418
Interest-bearing deposits - restricted	254,412	234,877
Less: certificates of deposit with a maturity over three months	<u>(24,082)</u>	<u>(22,924)</u>
Total cash and cash equivalents	<u>260,136</u>	<u>222,620</u>
 Net increase (decrease)	 <u>\$ 37,516</u>	 <u>\$ (1,066)</u>

The accompanying notes are an integral part of this statement.

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Melville was incorporated in 1911 under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Melville conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, there are no component unit governmental organizations that are included as part of the Town.

B. Fund Accounting

The accounts of the Town of Melville are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Town has the following fund types and account groups:

Governmental Fund Types -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Fund Type -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

Account Groups -

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All of the Town's governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year budgeted, that is, in the year in which such taxes are billed to taxpayers. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on interest-bearing deposits. Franchise fees, licenses and permits, and fines are recognized when received because they are not objectively measurable.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt is recognized when due and purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, were determined immaterial and are not recorded at year end.

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of the fiscal year.

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements (Continued)

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

F. Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be *cash equivalents*.

G. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

H. Restricted Assets

The Utility Fund, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt.

I. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as *expenditures in the governmental fund types when purchased*. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. No depreciation has been provided on general fixed assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not included in the general fixed assets account group or capitalized in the proprietary fund.

All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Gas and water lines	30 years
Gas and water equipment	7-10 years
Office equipment and furniture	5-10 years
Sewer and sewer lines	50 years

J. Long-Term Debt

Long-term obligations of the Town are reported in the General Long-Term Debt Account Group. Long-term liabilities for certain revenue bonds are reported in the Utility Fund.

K. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), *no allowance for uncollectible receivables was made due to immateriality at September 30, 1998 and 1997.*

L. Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of employment. Sick leave is accumulated at one day per month up to a maximum of ten days per year and thirty days in total. Employees are not paid for accumulated sick leave at the time of separation from employment with the Town. Five days of annual leave are earned on the anniversary date of employment for each full-time, permanent employee with less than five full years of service with the municipality. Ten days of annual leave are earned by such employees after five full years of service. Employees may not carry over or accumulate annual leave from one anniversary date to another. Amounts of vested or accumulated compensated absences at September 30, 1998 and 1997 are not recorded as liabilities due to immateriality.

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements (Continued)

M. Capitalization of Interest Expense

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized at September 30, 1998 and 1997 due to immateriality.

N. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

P. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the funds.

Q. Prior Year Reclassification

Certain previously reported amounts have been reclassified to enhance comparability with 1998 report classifications.

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1998, the Town had cash and interest-bearing deposits (book balances) totaling \$390,151, as follows:

Demand deposits	\$ 68,627
Money market accounts	282,442
Time deposits	<u>39,082</u>
Total	<u><u>\$390,151</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1998 are secured as follows:

Bank balances	<u>\$423,016</u>
Federal deposit insurance	200,000
Pledged securities (Category 3)	<u>223,016</u>
Total federal insurance and pledged securities	<u><u>\$423,016</u></u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended September 30, 1998, taxes of 16.60 mills were levied on property with assessed valuations totaling \$1,865,000 and were dedicated as follows:

General corporate purposes	7.67 mills
Debt service	8.93 mills

Total taxes levied were \$30,959. Uncollected ad valorem taxes at September 30, 1998 amounted to \$1,440.

(4) Interfund Receivables, Payables

Interfund receivables and payables at September 30, 1998 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$21,102	\$ -
Special Revenue Funds -		
1982 Sales Tax Fund	296	9,484
1989 Sales Tax Fund	-	3,603
Debt Service Fund -		
Sales Tax Bonds 08/14/91	7,206	296
Utility Fund	-	15,221
Totals	\$28,604	\$28,604

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(5) Due from Other Governmental Units

Amounts due from other governmental units at September 30, 1998 consisted of the following:

Amount due from the State of Louisiana Office of Finance and Support Services for reimbursement of LCDBG Water System Improvements project expenditures during fiscal year ending September 30, 1998		\$45,155
Amount due from U.S. Department of Agriculture for reimbursement of expenditures incurred for center for senior citizens during fiscal year ending September 30, 1998		1,584
Amount due from State of Louisiana for beer tax revenues earned during fiscal year ending September 30, 1998		<u>679</u>
		<u>\$47,418</u>

(6) Restricted Assets – Proprietary Fund Type

Restricted assets consisted of the following at September 30:

	<u>1998</u>	<u>1997</u>
Gas bond and interest sinking fund	\$ 67,513	\$ 65,817
Sewer bond and interest sinking fund	20,699	17,074
Gas bond reserve fund	37,260	34,372
Sewer bond reserve fund	30,210	26,178
Gas bond depreciation and contingency fund	37,105	34,245
Sewer bond depreciation and contingency fund	29,290	25,336
Customers' deposit	<u>32,335</u>	<u>31,855</u>
Totals	<u>\$254,412</u>	<u>\$234,877</u>

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(7) Changes in Fixed Assets

A summary of changes in general fixed assets follows

	Balance 10/01/97	Additions	Deletions	Balance 09/30/98
Land	\$ 92,159	\$ -	\$ -	\$ 92,159
Buildings	406,849	23,843	-	430,692
Equipment	188,196	-	-	188,196
Total general fixed assets	\$687,204	\$23,843	\$ -	\$711,047

A summary of proprietary fund type property, plant and equipment at September 30, 1998 follows:

Land	\$ 303
Gas system and improvements	1,362,827
Water system and improvements	432,401
Sewer system and improvements	3,450,035
Equipment and furniture	86,005
Construction in progress	131,381
	5,462,952
Less: Accumulated depreciation	(1,589,467)
Net property, plant and equipment	\$ 3,873,485

Construction in progress of \$131,381 at September 30, 1998 consisted of engineering and construction costs incurred to date on a water system project financed from a grant from the State of Louisiana.

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(8) Changes in General Long-Term Debt

The following is a summary of general long-term debt activity of the Town of Melville for the year ended September 30, 1998:

	<u>Capital Lease</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
General long-term debt payable, October 1, 1997	\$ 2,028	\$464,535	\$1,227,000	\$1,693,563
Additions	-	-	-	-
Reductions	<u>(2,028)</u>	<u>(29,210)</u>	<u>(38,000)</u>	<u>(69,238)</u>
General long-term debt payable, September 30, 1998	<u>\$ -</u>	<u>\$435,325</u>	<u>\$1,189,000</u>	<u>\$1,624,325</u>

Long-term debt payable at September 30, 1998 is comprised of the following individual issues:

General obligation bonds:

\$155,000 General Obligation Bonds, Series 1992, dated 8/14/91; due in annual installments of \$13,378 through 2011; interest at 5.875 percent, payable from ad valorem taxes

\$116,318

\$450,000 Sales Tax Bonds, Series 1992, dated 8/14/91; due in annual installments of \$41,175 through 2009; interest at 5.875 percent, payable from sales tax revenues

319,007

\$435,325

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

Revenue bonds:

\$592,000 Municipal Gas System
bonds dated 12/20/82; due in
annual installments of \$25,000 - \$40,000
through 7/25/23; interest at 5.0
percent and 7.12 percent

\$ 328,000

\$985,000 Municipal Sewer System
bonds dated 7/25/83; due in annual
installments of \$13,000 - \$65,000
through 7/25/23; interest at 5.0
percent and 7.12 percent

861,000

\$1,189,000

The annual requirements to amortize all debt outstanding as of September 30, 1998, including interest payments of \$1,196,545, are as follows:

Year Ending <u>September 30,</u>	General Obligation <u>Bonds</u>	Revenue <u>Bonds</u>	<u>Total</u>
1999	\$ 54,553	\$ 108,756	\$ 163,309
2000	54,553	109,679	164,232
2001	54,553	109,451	164,004
2002	54,553	110,103	164,656
2003	54,553	110,582	165,135
2004-2008	272,765	549,746	822,511
2009-2013	81,310	335,382	416,692
2014-2018	-	339,254	339,254
2019-2023	-	351,977	351,977
2024	-	69,100	69,100
	<u>\$626,840</u>	<u>\$2,194,030</u>	<u>\$2,820,870</u>

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(9) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond agreements on outstanding Farmers Home Administration (FHA) Municipal Gas System revenue bonds dated December 20, 1982, and outstanding FHA Municipal Sewer System revenue bonds dated July 25, 1983, all revenues derived from operation of the Utility System will be pledged and dedicated to the retirement of said bonds upon completion of the gas and sewer projects and are to be set aside into the following funds:

On each bond issue, each month there will be set aside into a revenue bond and interest sinking fund account an amount consisting of 1/12 of the next installment of principal and interest on the outstanding bonds. Such payments must be made on or before the 20th day of each month to assure the prompt payment of the principal and interest installments as they become due and may be used only for such payments.

Commencing with the first month in which the gas and sewer projects have been completed, 5% of the amount to be paid into the sinking fund account each month must be deposited into a reserve account until the gas reserve fund has a balance of \$43,700 and the sewer reserve fund has a balance of \$71,245.

Also, commencing with the first month in which the gas and sewer projects have been completed, \$179 shall be deposited each month into a gas depreciation and contingency fund, and \$284 shall be deposited each month into a sewer depreciation and contingency fund.

(10) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

A. Proceeds of a 1 percent sales and use tax originally approved by the voters of the Town on September 11, 1982, renewed on November 15, 1998 for ten years and levied by the Town of Melville (1998 collections \$54,339; 1997 collections \$50,637) are dedicated to the following purposes:

Providing fire protection to the Town (including operation and maintenance of a rescue unit for the fire department); providing for the operation, maintenance and improvement of the natural gas distribution system and water system of the Town; and paying general operating expenses of the Town.

B. Proceeds of a 1.2 percent sales and use tax approved by voters of the Town on November 18, 1990 and levied by the Town of Melville for a period of twenty years from the date of the first levy of the tax (1998 collections \$66,414; 1997 collections \$61,890) are dedicated to the following purposes:

Constructing, improving, and maintaining public streets and bridges within the Town and maintaining and operating sewers and sewerage disposal facilities of the Town.

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(11) Retirement Commitments

All employees of the Town of Melville participate in the Social Security system. The Town and its employees contribute a percentage of each employee's salary to the system (7.65 percent contributed by the Town and 7.65 percent by the employee). The Town's contribution during the year ended September 30, 1998 amounted to \$12,158.

(12) Natural Gas Contract

Under contract dated January 1, 1992, the Town of Melville is required to purchase its natural gas from Cypress Gas Pipeline Company. During fiscal year ended September 30, 1998, the Town's natural gas purchases amounted to \$65,075, which included \$1,501 owed at September 30, 1998 for gas purchased in the month of September, 1998.

(13) Segment Information - Enterprise Fund

The Town of Melville maintains three utility departments within its enterprise fund which provide gas, water, and sewer services. Segment information for the year ended September 30, 1998 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$200,461</u>	<u>\$107,297</u>	<u>\$ 93,839</u>	<u>\$401,597</u>
Operating expenses:				
Depreciation	43,650	15,935	69,700	129,285
Other	<u>121,159</u>	<u>57,415</u>	<u>41,498</u>	<u>220,072</u>
Total operating expenses	<u>164,809</u>	<u>73,350</u>	<u>111,198</u>	<u>349,357</u>
Operating income (loss)	<u>\$ 35,652</u>	<u>\$ 33,947</u>	<u>\$(17,359)</u>	<u>\$ 52,240</u>

TOWN OF MELVILLE, LOUISIANA
Notes to Financial Statements (Continued)

(14) Litigation and Claims

At September 30, 1998, the Town was not involved in any lawsuits or litigation claiming damages.

(15) Contributed Capital

Amounts contributed to the Enterprise Fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities of the Enterprise Fund are as follows:

	<u>Municipality</u>	<u>Federal/State Grants</u>	<u>Total</u>
Total contributed capital	\$72,451	\$3,230,907	\$3,303,358
Less: Accumulated amortization	<u>-</u>	<u>(919,733)</u>	<u>(919,733)</u>
Net contributed capital	<u>\$72,451</u>	<u>\$2,311,174</u>	<u>\$2,383,625</u>

TOWN OF MELVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(16) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended September 30, 1998 follows:

James Fontenot	\$2,232
Aldermen:	
Christopher Barker	900
Tony Foret	900
Velma Hendrix	900
Joseph Martin	900
Larry Ponthieux	900
	<u>900</u>
	<u>\$6,732</u>

(17) Year 2000 Issue (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Town's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

The Town has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified and tested for compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town is or will be Year 2000 compliant, and that the Town's remediation efforts will be successful in whole or in part, or that the parties with whom the Town transacts business will be Year 2000 compliant.

(18) Subsequent Event

In January 1999, the Town's Mayor, Town Clerk and Assistant Clerk resigned in a dispute with the new Town Council that took office January 1, 1999. A new Mayor was appointed by the Governor of the State of Louisiana shortly thereafter, and the new Mayor and Town Council appointed a new Town Clerk and hired an Assistant Clerk. It is uncertain what effect these resignations will have on the Town's record-keeping and compliance.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF MELVILLE, LOUISIANA
General Fund

Comparative Balance Sheet
September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$25,247	\$11,551
Receivables -		
Ad valorem taxes	665	1,292
Due from other funds	21,102	18,598
Due from other governmental units	<u>2,263</u>	<u>1,820</u>
 Total assets	 <u>\$49,277</u>	 <u>\$33,261</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,752	\$ 4,697
Other accrued liabilities	<u>1,696</u>	<u>1,118</u>
Total liabilities	5,448	5,815
 Fund Balance		
Unreserved - undesignated	<u>43,829</u>	<u>27,446</u>
 Total liabilities and fund balance	 <u>\$49,277</u>	 <u>\$33,261</u>

TOWN OF MELVILLE, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 19,800	\$ 19,090	\$ (710)	\$ 19,615
Licenses and permits	20,200	21,108	908	20,367
Intergovernmental	61,664	64,773	3,109	63,031
Fines and Forfeits	10,500	10,057	(443)	10,088
Miscellaneous	30,350	28,881	(1,469)	23,556
Total revenues	<u>142,514</u>	<u>143,909</u>	<u>1,395</u>	<u>136,657</u>
Expenditures:				
Current -				
General government	93,197	89,274	3,923	103,826
Public safety:				
Police	59,955	52,900	7,055	57,635
Highways and streets	35,525	35,627	(102)	38,158
Culture and recreation	2,750	5,930	(3,180)	275
Debt service	2,228	2,166	62	2,228
Capital outlay	17,450	23,843	(6,393)	30,130
Total expenditures	<u>211,105</u>	<u>209,740</u>	<u>1,365</u>	<u>232,252</u>
Deficiency of revenues over expenditures	<u>(68,591)</u>	<u>(65,831)</u>	<u>2,760</u>	<u>(95,595)</u>
Other financing sources (uses):				
Operating transfers in	73,000	89,317	16,317	102,796
Operating transfers out	(1,103)	(7,103)	(6,000)	(6,000)
Total other financing sources (uses)	<u>71,897</u>	<u>82,214</u>	<u>10,317</u>	<u>96,796</u>
Excess of revenues and other sources over expenditures and other uses	3,306	16,383	13,077	1,201
Fund balance, beginning	<u>27,446</u>	<u>27,446</u>	-	<u>26,245</u>
Fund balance, ending	<u>\$ 30,752</u>	<u>\$ 43,829</u>	<u>\$13,077</u>	<u>\$ 27,446</u>

TOWN OF MELVILLE, LOUISIANA
General Fund

Statement of Revenues - Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts for the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
TAXES:				
Ad valorem tax	\$ 14,100	\$ 13,398	\$ (702)	\$ 14,592
Franchise fees:				
Cable TV	5,700	5,692	(8)	5,023
Total taxes	<u>19,800</u>	<u>19,090</u>	<u>(710)</u>	<u>19,615</u>
LICENSES AND PERMITS:				
Occupational	<u>20,200</u>	<u>21,108</u>	<u>908</u>	<u>20,367</u>
INTERGOVERNMENTAL:				
U.S. Department of Agriculture -				
Rural Development Grant	13,416	15,000	1,584	-
Food Stamp Administrative Grant	3,021	2,767	(254)	10,587
State of Louisiana -				
Tobacco taxes	8,126	8,126	-	8,126
Beer taxes	1,700	1,892	192	1,674
Video poker	6,750	6,749	(1)	3,993
DOTD grant	23,651	23,651	-	-
Rural Development Grant	5,000	5,000	-	-
Grant - civic center	-	-	-	38,651
St. Landry Parish Housing Authority	-	1,588	1,588	-
Total intergovernmental	<u>61,664</u>	<u>64,773</u>	<u>3,109</u>	<u>63,031</u>
FINES AND FORFEITS	<u>10,500</u>	<u>10,057</u>	<u>(443)</u>	<u>10,088</u>
MISCELLANEOUS -				
Rent on buildings	16,500	17,318	818	13,514
Donations	1,500	1,364	(136)	4,145
Other	12,350	10,199	(2,151)	5,897
Total miscellaneous	<u>30,350</u>	<u>28,881</u>	<u>(1,469)</u>	<u>23,556</u>
Total revenues	<u>\$142,514</u>	<u>\$143,909</u>	<u>\$ 1,395</u>	<u>\$136,657</u>

TOWN OF MELVILLE, LOUISIANA
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government:				
Salaries - Mayor and Aldermen	\$ 6,732	\$ 6,732	\$ -	\$ 6,732
Other salaries and wages	28,960	28,115	845	32,286
Payroll taxes	3,700	2,425	1,275	3,682
Insurance	4,905	4,245	660	6,413
Dues	2,700	2,393	307	1,975
Office expenditures	3,500	4,446	(946)	7,938
Professional fees	12,000	11,143	857	9,819
Utilities	500	-	500	-
Telephone	2,700	2,805	(105)	2,622
Repairs and maintenance	3,500	2,284	1,216	2,065
Supplies	9,500	8,906	594	11,901
Community activities	2,500	2,226	274	13,433
Miscellaneous	12,000	13,554	(1,554)	4,960
Total general government	<u>93,197</u>	<u>89,274</u>	<u>3,923</u>	<u>103,826</u>
Public safety:				
Police department -				
Salaries	26,240	25,474	766	29,231
Payroll taxes	3,300	2,080	1,220	3,203
Insurance	12,015	10,401	1,614	15,661
Auto expenditures	11,500	9,577	1,923	3,521
Maintenance and supplies	6,000	4,229	1,771	4,840
Prisoners' meals	900	1,139	(239)	1,179
Total public safety	<u>59,955</u>	<u>52,900</u>	<u>7,055</u>	<u>57,635</u>

(continued)

TOWN OF MELVILLE, LOUISIANA
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Highways and streets:				
Salaries	13,120	12,737	383	14,575
Insurance	405	389	16	522
Repairs and maintenance	21,500	19,394	2,106	21,584
Equipment maintenance	-	1,588	(1,588)	992
Miscellaneous	500	1,519	(1,019)	485
Total highways and streets	<u>35,525</u>	<u>35,627</u>	<u>(102)</u>	<u>38,158</u>
Culture and recreation:				
Supplies	2,750	5,930	(3,180)	275
Repairs and maintenance	-	-	-	-
Total culture and recreation	<u>2,750</u>	<u>5,930</u>	<u>(3,180)</u>	<u>275</u>
Debt service:				
Principal	2,028	2,028	-	1,701
Interest	200	138	62	527
Total debt service	<u>2,228</u>	<u>2,166</u>	<u>62</u>	<u>2,228</u>
Capital outlay:				
General government -				
Senior citizens center	17,450	23,843	(6,393)	-
Equipment	-	-	-	8,636
Civic center	-	-	-	16,642
Land	-	-	-	3,000
Highways and streets -				
Equipment	-	-	-	1,852
Total capital outlay	<u>17,450</u>	<u>23,843</u>	<u>(6,393)</u>	<u>30,130</u>
Total expenditures	<u><u>\$211,105</u></u>	<u><u>\$209,740</u></u>	<u><u>\$ 1,365</u></u>	<u><u>\$232,252</u></u>

SPECIAL REVENUE FUNDS

1982 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1 % sales and use tax. These taxes are dedicated to the purposes of providing fire protection to the Town; providing for the operation, maintenance and improvements to the natural gas distribution system and water system of the Town; and paying general operating expenses for the Town.

1989 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1.2 % sales and use tax. These taxes are dedicated to the purposes of constructing, improving and maintaining public streets and bridges within the Town and maintaining and operating sewers and sewerage disposal facilities of the Town.

TOWN OF MELVILLE, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
September 30, 1998
With Comparative Totals for September 30, 1997

	1982	1989	Totals	
	Sales	Sales	1998	1997
	Tax	Tax		
ASSETS				
Cash	\$13,308	\$ -	\$13,308	\$16,256
Interest-bearing deposits	-	33,651	33,651	42,378
Accrued interest	-	9	9	-
Due from other funds	296	-	296	296
 Total assets	 \$13,604	 \$33,660	 \$47,264	 \$58,930
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 2,214	\$ -	\$ 2,214	\$ 1,073
Other accrued liabilities	1,047	-	1,047	712
Due to other funds	9,484	3,603	13,087	8,583
Total liabilities	12,745	3,603	16,348	10,368
 Fund balances:				
Designated for volunteer fire department	-	-	-	5,113
Unreserved, undesignated	859	30,057	30,916	43,449
Total fund balances	859	30,057	30,916	48,562
 Total liabilities and fund balances	 \$13,604	 \$33,660	 \$47,264	 \$58,930

TOWN OF MELVILLE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 1998
With Comparative Totals For the Year Ended September 30, 1997

	1982	1989	Totals	
	Sales	Sales	1998	1997
	Tax	Tax		
Revenues:				
Taxes	\$ 54,339	\$ 66,414	\$120,753	\$112,527
Miscellaneous -				
Interest	5,196	743	5,939	5,172
Total revenues	59,535	67,157	126,692	117,699
Expenditures:				
Current -				
General government	8,966	673	9,639	9,082
Public safety:				
Police	35,117	-	35,117	45,140
Rescue unit and fire	13,469	-	13,469	24,842
Highways and streets	1,846	-	1,846	5,113
Culture and recreation	3,654	-	3,654	3,595
Capital outlay	-	-	-	2,395
Total expenditures	63,052	673	63,725	90,167
Excess (deficiency) of revenues over expenditures	(3,517)	66,484	62,967	27,532
Other financing sources (uses):				
Operating transfers in	7,000	1,037	8,037	39,054
Operating transfers out	(12,411)	(76,239)	(88,650)	(109,700)
Total other financing sources (uses)	(5,411)	(75,202)	(80,613)	(70,646)
Deficiency of revenues and other sources over expenditures and other uses	(8,928)	(8,718)	(17,646)	(43,114)
Fund balances, beginning	9,787	38,775	48,562	91,676
Fund balances, ending	\$ 859	\$ 30,057	\$ 30,916	\$ 48,562

TOWN OF MELVILLE, LOUISIANA
Special Revenue Fund
1982 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes - sales taxes	\$ 53,800	\$ 54,339	\$ 539	\$ 50,637
Miscellaneous - Interest	5,000	5,196	196	4,076
Total revenues	<u>58,800</u>	<u>59,535</u>	<u>735</u>	<u>54,713</u>
Expenditures:				
Current -				
General government	9,000	8,966	34	8,463
Public safety:				
Police	38,280	35,117	3,163	45,140
Rescue unit and fire	16,660	13,469	3,191	24,842
Highways and streets	3,200	1,846	1,354	5,113
Culture and recreation	3,500	3,654	(154)	3,595
Capital outlay	-	-	-	2,395
Total expenditures	<u>70,640</u>	<u>63,052</u>	<u>7,588</u>	<u>89,548</u>
Deficiency of revenues over expenditures	<u>(11,840)</u>	<u>(3,517)</u>	<u>8,323</u>	<u>(34,835)</u>
Other financing sources (uses):				
Operating transfers in	15,000	7,000	(8,000)	39,055
Operating transfers out	(6,000)	(12,411)	(6,411)	(6,708)
Total other financing sources (uses)	<u>9,000</u>	<u>(5,411)</u>	<u>(14,411)</u>	<u>32,347</u>
Deficiency of revenues and other sources over expenditures and other uses	<u>(2,840)</u>	<u>(8,928)</u>	<u>(6,088)</u>	<u>(2,488)</u>
Fund balances, beginning	<u>9,787</u>	<u>9,787</u>	<u>-</u>	<u>12,275</u>
Fund balances, ending	<u>\$ 6,947</u>	<u>\$ 859</u>	<u>\$ (6,088)</u>	<u>\$ 9,787</u>

TOWN OF MELVILLE, LOUISIANA
Special Revenue Fund
1982 Sales Tax Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government:				
Professional fees	\$ 4,000	\$ 4,325	\$ (325)	\$ 4,150
Office expenditures	-	427	(427)	-
Collection fees	500	543	(43)	506
Utilities	4,000	3,489	511	3,807
Miscellaneous	500	182	318	-
Total general government	<u>9,000</u>	<u>8,966</u>	<u>34</u>	<u>8,463</u>
Public safety:				
Police department -				
Salaries	30,720	29,824	896	34,221
Payroll taxes	3,200	2,202	998	3,376
Insurance	585	506	79	783
Maintenance and supplies	1,500	1,207	293	2,931
Auto expenditures	1,500	681	819	3,056
Miscellaneous	775	697	78	773
Total police	<u>38,280</u>	<u>35,117</u>	<u>3,163</u>	<u>45,140</u>
Rescue unit and fire department -				
Insurance	11,610	10,048	1,562	15,139
Auto expenditures	800	532	268	804
Maintenance and supplies	3,000	2,259	741	7,425
Utilities	750	630	120	674
Miscellaneous	500	-	500	800
Total rescue unit and fire department	<u>16,660</u>	<u>13,469</u>	<u>3,191</u>	<u>24,842</u>

(continued)

TOWN OF MELVILLE, LOUISIANA
Special Revenue Fund
1982 Sales Tax Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Highways and streets:				
Materials	\$ 700	\$ 1,331	\$ (631)	\$ 4,549
Maintenance of equipment	2,500	515	1,985	564
Total highways and streets	<u>3,200</u>	<u>1,846</u>	<u>1,354</u>	<u>5,113</u>
Culture and recreation:				
Utilities	3,000	2,858	142	3,131
Miscellaneous	500	796	(296)	464
Total culture and recreation	<u>3,500</u>	<u>3,654</u>	<u>(154)</u>	<u>3,595</u>
Capital outlay:				
Rescue unit and fire - Equipment	-	-	-	2,395
Total expenditures	<u>\$70,640</u>	<u>\$63,052</u>	<u>\$ 7,588</u>	<u>\$89,548</u>

TOWN OF MELVILLE, LOUISIANA
Special Revenue Fund
1989 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes - sales taxes	\$ 65,700	\$ 66,414	\$ 714	\$ 61,890
Miscellaneous -				
Interest	1,000	743	(257)	1,096
Total revenues	<u>66,700</u>	<u>67,157</u>	<u>457</u>	<u>62,986</u>
Expenditures:				
Current -				
General government				
Collection fees	1,000	664	336	619
Miscellaneous	500	9	491	-
Total expenditures	<u>1,500</u>	<u>673</u>	<u>827</u>	<u>619</u>
Excess of revenues over expenditures	<u>65,200</u>	<u>66,484</u>	<u>1,284</u>	<u>62,367</u>
Other financing sources (uses):				
Operating transfers in	-	1,037	1,037	-
Operating transfers out	(78,239)	(76,239)	2,000	(102,993)
Total other financing sources (uses)	<u>(78,239)</u>	<u>(75,202)</u>	<u>3,037</u>	<u>(102,993)</u>
Deficiency of revenues and other sources over expenditures and other uses	(13,039)	(8,718)	4,321	(40,626)
Fund balance, beginning	<u>38,775</u>	<u>38,775</u>	<u>-</u>	<u>79,401</u>
Fund balance, ending	<u>\$ 25,736</u>	<u>\$ 30,057</u>	<u>\$4,321</u>	<u>\$ 38,775</u>

DEBT SERVICE FUNDS

Public Improvement Bonds 03/01/72 Fund

To accumulate monies for payment of the 1972 \$83,000 Public Improvements Municipal Building Bonds. Debt service is financed by the levy of a specific ad valorem tax and rental of the building to the United States Postal Service. On November 18, 1989, the levy of this specific ad valorem tax was rededicated to pay for the debt service requirements of a \$155,000 street improvement bond issue.

General Obligation Bonds 08/14/91 Fund

To accumulate monies for payment of the 1991 \$155,000 General Obligation Bonds. Debt service is financed by the levy of a specific ad valorem tax.

Sales Tax Bonds 08/14/91 Fund

To accumulate monies for the payment of the 1991 \$450,000 Sales Tax Bonds. Debt service is financed from the 1989 Sales Tax Fund revenues.

TOWN OF MELVILLE, LOUISIANA
Debt Service Funds

Combining Balance Sheet
September 30, 1998
With Comparative Totals for September 30, 1997

	Public Improvement Bonds 03/01/72	General Obligation Bonds 08/14/91	Sales Tax Bonds 08/14/91	Totals 1998	Totals 1997
ASSETS					
Cash	\$ -	\$ -	\$18,026	\$18,026	\$16,859
Interest-bearing deposits	-	15,701	-	15,701	12,424
Receivables- Ad valorem	-	775	-	775	861
Due from other funds	-	-	7,206	7,206	7,206
Total assets	<u>\$ -</u>	<u>\$16,476</u>	<u>\$25,232</u>	<u>\$41,708</u>	<u>\$37,350</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 2,296</u>
Fund balances:					
Reserved for debt service	-	16,476	24,936	41,412	36,157
Unreserved, undesignated (deficit)	-	-	-	-	(1,103)
Total fund balances	<u>-</u>	<u>16,476</u>	<u>24,936</u>	<u>41,412</u>	<u>35,054</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$16,476</u>	<u>\$25,232</u>	<u>\$41,708</u>	<u>\$37,350</u>

TOWN OF MELVILLE, LOUISIANA
Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 1998
With Comparative Totals For the Year Ended September 30, 1997

	Public Improvement Bonds 03/01/72	General Obligation Bonds 08/14/91	Sales Tax Bonds 08/14/91	Totals	
				1998	1997
Revenues:					
Taxes - ad valorem	\$ -	\$16,109	\$ -	\$ 16,109	\$ 15,899
Miscellaneous -					
Post office rental	-	-	-	-	2,475
Interest	-	460	-	460	749
Total revenues	<u>-</u>	<u>16,569</u>	<u>-</u>	<u>16,569</u>	<u>19,123</u>
Expenditures:					
Current -					
General government	-	-	-	-	5,762
Debt service-					
Principal retirement	-	6,724	22,486	29,210	24,468
Interest and fiscal charges	-	6,654	18,689	25,343	31,755
Total expenditures	<u>-</u>	<u>13,378</u>	<u>41,175</u>	<u>54,553</u>	<u>61,985</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,191</u>	<u>(41,175)</u>	<u>(37,984)</u>	<u>(42,862)</u>
Other financing sources (uses):					
Operating transfers in	1,103	-	43,239	44,342	43,239
Operating transfers out	-	-	-	-	(15,700)
Total other financing sources (uses)	<u>1,103</u>	<u>-</u>	<u>43,239</u>	<u>44,342</u>	<u>27,539</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,103	3,191	2,064	6,358	(15,323)
Fund balances (deficit), beginning	<u>(1,103)</u>	<u>13,285</u>	<u>22,872</u>	<u>35,054</u>	<u>50,377</u>
Fund balances, ending	<u>\$ -</u>	<u>\$16,476</u>	<u>\$ 24,936</u>	<u>\$ 41,412</u>	<u>\$ 35,054</u>

TOWN OF MELVILLE, LOUISIANA
Debt Service Fund
Public Improvement Bonds 03/01/72 Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Miscellaneous -				
Post office rental	\$ -	\$ -	\$ -	\$ 2,475
Interest	-	-	-	338
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,813</u>
Expenditures:				
Current -				
General government	-	-	-	5,762
Debt service-				
Principal retirement	-	-	-	1,000
Interest and fiscal charges	-	-	-	670
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,432</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,619)</u>
Other financing sources (uses):				
Operating transfers in	1,103	1,103	-	-
Operating transfers out	-	-	-	(15,528)
Total other financing sources (uses)	<u>1,103</u>	<u>1,103</u>	<u>-</u>	<u>(15,528)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,103	1,103	-	(20,147)
Fund balance (deficit), beginning	<u>(1,103)</u>	<u>(1,103)</u>	<u>-</u>	<u>19,044</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,103)</u>

TOWN OF MELVILLE, LOUISIANA
Debt Service Fund
General Obligation Bonds 08/14/91 Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes - ad valorem	\$16,000	\$16,109	\$ 109	\$15,899
Miscellaneous - Interest	500	460	(40)	411
Total revenues	<u>16,500</u>	<u>16,569</u>	<u>69</u>	<u>16,310</u>
Expenditures:				
Debt service-				
Principal retirement	5,500	6,724	(1,224)	5,223
Interest and fiscal charges	8,000	6,654	1,346	8,155
Total expenditures	<u>13,500</u>	<u>13,378</u>	<u>122</u>	<u>13,378</u>
Excess of revenues over expenditures	3,000	3,191	191	2,932
Fund balance, beginning	<u>13,285</u>	<u>13,285</u>	-	<u>10,353</u>
Fund balance, ending	<u>\$16,285</u>	<u>\$16,476</u>	<u>\$ 191</u>	<u>\$13,285</u>

TOWN OF MELVILLE, LOUISIANA
Debt Service Fund
Sales Tax Bonds 08/14/91 Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended September 30, 1998
With Comparative Actual Amounts For the Year Ended September 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service-				
Principal retirement	19,000	22,486	(3,486)	18,245
Interest and fiscal charges	22,175	18,689	3,486	22,930
Total expenditures	<u>41,175</u>	<u>41,175</u>	<u>-</u>	<u>41,175</u>
Deficiency of revenues over expenditures	<u>(41,175)</u>	<u>(41,175)</u>	<u>-</u>	<u>(41,175)</u>
Other financing sources (uses):				
Operating transfers in	43,239	43,239	-	43,239
Operating transfers out	-	-	-	(172)
Total other financing sources (uses)	<u>43,239</u>	<u>43,239</u>	<u>-</u>	<u>43,067</u>
Excess of revenues and other sources over expenditures and other uses	2,064	2,064	-	1,892
Fund balance, beginning	<u>22,872</u>	<u>22,872</u>	<u>-</u>	<u>20,980</u>
Fund balance, ending	<u>\$ 24,936</u>	<u>\$ 24,936</u>	<u>\$ -</u>	<u>\$ 22,872</u>

ENTERPRISE FUND

Utility Fund

To account for the provision of gas, water, and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheet
September 30, 1998 and 1997

	1998	1997
ASSETS		
Current Assets:		
Cash	\$ 12,046	\$ 249
Interest-bearing deposits	17,760	10,418
Accounts receivable	28,231	24,531
Accrued interest receivable	488	462
Due from other governmental units	45,155	-
Other receivable	6,087	5,798
Total current assets	109,767	41,458
Restricted Assets:		
Interest-bearing deposits -		
Gas bond and interest sinking fund	67,513	65,817
Sewer bond and interest sinking fund	20,699	17,074
Gas bond reserve fund	37,260	34,372
Sewer bond reserve fund	30,210	26,178
Gas bond depreciation and contingency fund	37,105	34,245
Sewer bond depreciation and contingency fund	29,290	25,336
Customers' deposits	32,335	31,855
Total restricted assets	254,412	234,877
Plant and Equipment, at Cost	5,462,952	5,331,571
Less accumulated depreciation	(1,589,467)	(1,460,182)
Net plant and equipment	3,873,485	3,871,389
Total assets	\$ 4,237,664	\$ 4,147,724

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities (payable from current assets)		
Cash overdraft	\$ -	\$ 4
Accounts payable	6,000	5,661
Contracts payable	45,155	-
Retainage payable	7,995	-
Due to other funds	15,221	15,221
Accrued liabilities	3,808	2,770
Total current liabilities payable from current assets	<u>78,179</u>	<u>23,656</u>
Current Liabilities (payable from restricted assets)		
Revenue bonds payable	39,000	38,000
Accrued interest payable	22,600	23,718
Customer deposits	32,335	31,855
Total current liabilities payable from restricted assets	<u>93,935</u>	<u>93,573</u>
Total current liabilities	<u>172,114</u>	<u>117,229</u>
Long-term Liabilities		
Revenue bonds payable (net of current portion)	<u>1,150,000</u>	<u>1,189,000</u>
Total liabilities	<u>1,322,114</u>	<u>1,306,229</u>
Fund Equity		
Contributed Capital -		
Municipality	72,451	72,451
Federal and state grants, net of accumulated amortization (1998 \$919,733; 1997 \$828,813)	<u>2,311,174</u>	<u>2,402,094</u>
	<u>2,383,625</u>	<u>2,474,545</u>
Retained earnings -		
Reserved for revenue bond retirement	160,477	141,304
Unreserved	371,448	225,646
Total retained earnings	<u>531,925</u>	<u>366,950</u>
Total fund equity	<u>2,915,550</u>	<u>2,841,495</u>
Total liabilities and fund equity	<u>\$4,237,664</u>	<u>\$4,147,724</u>

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services -		
Gas sales	\$ 157,072	\$ 159,553
Water sales	85,683	72,988
Sewer sales	93,839	94,006
Delinquent charges	9,764	7,355
Miscellaneous -		
Slemco franchise	51,469	49,312
Other	3,770	1,795
Total operating revenues	<u>401,597</u>	<u>385,009</u>
Operating expenses:		
Gas department expenses	164,809	191,685
Water department expenses	73,350	89,919
Sewer department expenses	111,198	128,074
Total operating expenses	<u>349,357</u>	<u>409,678</u>
Operating income (loss)	<u>52,240</u>	<u>(24,669)</u>
Nonoperating revenues (expenses):		
Interest income	14,260	12,571
Interest expense	(69,888)	(71,926)
Water grant	123,386	-
Total nonoperating revenues (expenses)	<u>67,758</u>	<u>(59,355)</u>
Income (loss) before operating transfers	<u>119,998</u>	<u>(84,024)</u>
Operating transfers in (out):		
Operating transfers in	29,374	55,897
Operating transfers out	(75,317)	(109,586)
Total operating transfers in (out)	<u>(45,943)</u>	<u>(53,689)</u>
Net income (loss)	74,055	(137,713)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>90,920</u>	<u>90,921</u>
Increase (decrease) in retained earnings	164,975	(46,792)
Retained earnings, beginning	<u>366,950</u>	<u>413,742</u>
Retained earnings, ending	<u>\$ 531,925</u>	<u>\$ 366,950</u>

Bad debts	448	212
Miscellaneous	<u>1,250</u>	<u>1,174</u>

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department
Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Gas department:		
Salaries	\$ 29,668	\$ 33,987
Payroll taxes	2,659	3,525
Natural gas purchases	65,075	81,399
Repairs and maintenance	9,567	10,872
Insurance	7,127	10,750
Office expense	126	1,384
Professional fees	1,980	1,500
Utilities	1,807	1,956
Depreciation	43,650	43,076
Bad debts	448	272
Auto expense	176	1,793
Miscellaneous	<u>2,526</u>	<u>1,171</u>
Total gas department	<u>\$164,809</u>	<u>\$191,685</u>
Water department:		
Salaries	\$ 17,087	\$ 19,592
Payroll taxes	1,724	2,094
Repairs and maintenance	1,293	7,619
Insurance	5,180	7,831
Supplies	5,684	10,043
Professional fees	3,900	2,250
Telephone	3,206	3,000
Utilities	17,233	18,726
Depreciation	15,935	16,296
Bad debts	448	272
Auto expense	1,500	-
Miscellaneous	<u>160</u>	<u>2,196</u>
Total water department	<u>\$ 73,350</u>	<u>\$ 89,919</u>
Sewer department:		
Salaries	\$ 12,427	\$ 14,161
Payroll taxes	1,068	1,094
Repairs and maintenance	10,173	24,162
Insurance	1,052	1,566
Professional fees	1,000	1,000
Utilities	14,080	15,315
Depreciation	69,700	69,330
Bad debts	448	272
Miscellaneous	<u>1,250</u>	<u>1,174</u>
Total sewer department	<u>\$111,198</u>	<u>\$128,074</u>

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended September 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Operating income (loss)	\$ 52,240	\$ (24,669)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities -		
Depreciation	129,285	128,702
Changes in current assets and liabilities:		
Increase in accounts receivable	(3,700)	(148)
Increase in other receivable	(289)	(546)
Decrease in due from 1989 Sales Tax Fund	-	7,198
Decrease in cash overdraft	(4)	(256)
(Decrease) increase in accounts payable	339	(5,906)
Increase in contracts payable	45,155	-
Increase in retainage payable	7,995	-
Increase in due to General Fund	-	(2,248)
Increase in due to 1982 Sales Tax Fund	-	(5,755)
Increase in due to debt service funds	-	(910)
Increase in other accrued liabilities	1,038	310
Increase in customers' deposits	480	8,300
Total adjustments	180,299	128,741
Net cash provided by operating activities	232,539	104,072
Cash flows from noncapital financing activities:		
Transfer from 1982 Sales Tax Fund	11,374	-
Transfer from debt service funds	-	1,082
Transfer from 1989 Sales Tax Fund	18,000	48,815
Transfer to General Fund	(74,317)	(65,252)
Transfer to 1982 Sales Tax Fund	(1,000)	(38,334)
Net cash used for noncapital financing activities	(45,943)	(53,689)
Cash flows from capital and related financing activities:		
Interest paid on revenue bonds	(71,006)	(72,985)
Principal paid on revenue bonds	(38,000)	(35,000)
Purchase of property, plant and equipment	(131,381)	(7,271)
Proceeds from water grant	78,231	-
Net cash used by capital and related financing activities	(162,156)	(115,256)
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(47,571)	(45,291)
Proceeds from the maturities of interest-bearing deposits	46,413	95,663
Interest received on interest-bearing deposits	14,234	13,435
Net cash provided by investing activities	13,076	63,807
Net increase (decrease) in cash and cash equivalents	37,516	(1,066)
Cash, cash equivalents and restricted cash, beginning of period	222,620	223,686
Cash, cash equivalents and restricted cash, end of period	\$ 260,136	\$ 222,620

(continued)

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 249	\$ 2,830
Interest-bearing deposits - unrestricted	10,418	75,071
Interest-bearing deposits - restricted	234,877	219,080
Less: certificates of deposit with a maturity over three months	<u>(22,924)</u>	<u>(73,295)</u>
Total cash and cash equivalents	<u>222,620</u>	<u>223,686</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	12,046	249
Interest-bearing deposits - unrestricted	17,760	10,418
Interest-bearing deposits - restricted	254,412	234,877
Less: certificates of deposit with a maturity over three months	<u>(24,082)</u>	<u>(22,924)</u>
Total cash and cash equivalents	<u>260,136</u>	<u>222,620</u>
Net increase (decrease)	<u>\$ 37,516</u>	<u>\$ (1,066)</u>

TOWN OF MELVILLE, LOUISIANA
 Enterprise Fund
 Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
 Year Ended September 30, 1998

	<u>Gas Bond and Interest Sinking Fund</u>	<u>Sewer Bond and Interest Sinking Fund</u>	<u>Gas Bond Reserve Fund</u>	<u>Sewer Bond Reserve Fund</u>	<u>Gas Bond Depreciation and Contingency Fund</u>	<u>Sewer Bond Depreciation and Contingency Fund</u>	<u>Total</u>
Interest-bearing deposits, October 1, 1997	\$ 65,817	\$17,074	\$34,372	\$26,178	\$34,245	\$25,336	\$203,022
Cash receipts:							
Transfers from operating account	43,260	69,192	2,172	3,468	2,148	3,408	123,648
Interest income	<u>1,086</u>	<u>789</u>	<u>716</u>	<u>564</u>	<u>712</u>	<u>546</u>	<u>4,413</u>
Total cash receipts	<u>44,346</u>	<u>69,981</u>	<u>2,888</u>	<u>4,032</u>	<u>2,860</u>	<u>3,954</u>	<u>128,061</u>
Total interest-bearing deposits available	110,163	87,055	37,260	30,210	37,105	29,290	331,083
Cash disbursements:							
Payment of bonds principal and interest	<u>42,650</u>	<u>66,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,006</u>
Interest-bearing deposits, September 30, 1998	\$ 67,513	\$20,699	\$37,260	\$30,210	\$37,105	\$29,290	\$222,077

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF MELVILLE, LOUISIANA

Comparative Statement of General Fixed Assets
September 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 92,159	\$ 92,159
Buildings	430,692	406,849
Equipment	<u>188,196</u>	<u>188,196</u>
Total general fixed assets	<u>\$711,047</u>	<u>\$687,204</u>
Investment in general fixed assets		
Property acquired from -		
General obligation bonds	\$124,489	\$124,489
Federal grants and revenue sharing funds	229,534	229,534
General Fund revenues	196,871	196,871
Sales tax revenues	48,852	48,852
Utility Fund revenues	26,358	26,358
Donations	20,000	20,000
State grant revenues	<u>64,943</u>	<u>41,100</u>
Total investment in general fixed assets	<u>\$711,047</u>	<u>\$687,204</u>

TOWN OF MELVILLE, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended September 30, 1998

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$92,159	\$406,849	\$188,196	\$687,204
Additions:	-	23,843	-	23,843
Deletions:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General fixed assets, end of year	<u>\$92,159</u>	<u>\$430,692</u>	<u>\$188,196</u>	<u>\$711,047</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amount on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

TOWN OF MELVILLE, LOUISIANA

Statement of General Long-Term Debt
 September 30, 1998
 With Comparative Totals for September 30, 1997

	Capital Lease Payable	General Obligation Bonds 08/14/91	Sales Tax Bonds 08/14/91	Totals 1998	Totals 1997
--	-----------------------------	--	-----------------------------------	----------------	----------------

AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE
 RETIREMENT OF GENERAL LONG-TERM DEBT

Amount available in debt service funds for debt retirement	\$ -	\$ 16,476	\$ 24,936	\$ 41,412	\$ 36,157
Amount to be provided for retirement of general long-term debt:					
From ad valorem taxes	-	99,842	-	99,842	109,757
From sales tax revenues	-	-	294,071	294,071	318,621
From other sources	-	-	-	-	2,028
Total amount available and to be provided	\$ -	\$ 116,318	\$ 319,007	\$ 435,325	\$ 466,563

GENERAL LONG-TERM DEBT PAYABLE

Bonds payable	\$ -	\$ 116,318	\$ 319,007	\$ 435,325	\$ 464,535
Capital lease payable	-	-	-	-	2,028
Total general long-term debt payable	\$ -	\$ 116,318	\$ 319,007	\$ 435,325	\$ 466,563

INTERNAL CONTROL AND COMPLIANCE

AND

OTHER INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable James Fontenot, Mayor
and members of the Board of Aldermen
Town of Melville, Louisiana

We have audited the general purpose financial statements of the Town of Melville, Louisiana (the Town) as of and for the year ended September 30, 1998, and have issued our report thereon dated February 26, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the accompanying schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC) is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
February 26, 1999

TOWN OF MELVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended September 30, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (9/30/98)						
Internal Control:						
98-1 (IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Teri Speyrer, Town Clerk	N/A
Management Letter:						
98-2 (ML)	1997	Collection efforts should be increased to ensure all ad valorem taxes due to the town are collected in a timely manner.	No	An attorney was hired who will be responsible for adjudicating property on which taxes are not paid.	Teri Speyrer, Town Clerk	9/30/99
98-3 (ML)	1997	Consideration should be given to reducing costs in the sewer and water departments in order to eliminate operating at a deficit in these departments.	Partial	Town officials should continue to closely monitor sewer department expenses in order to eliminate operating this department at a deficit.	Teri Speyrer, Town Clerk	9/30/99

TOWN OF MELVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended September 30, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (9/30/97)						
Compliance:						
Item 1	1997	The Town of Melville was in noncompliance with LRS 39:1310 of the Local Government Budget Act when total expenditures in the General Fund and Public Improvement 03/01/72 Bond Fund exceeded total budgeted expenditures by more than five percent for the year ended September 30, 1997.	Yes	N/A	Teri Speyrer, Town Clerk	N/A
Management Letter:						
Item 1	1997	Consideration should be given to reducing costs in the General Fund.	Yes	N/A	Teri Speyrer, Town Clerk	N/A
Item 3	1997	Utility Fund accounts receivable should be reviewed on a monthly basis to identify those customers whose service should be disconnected due to nonpayment.	Yes	N/A	Teri Speyrer, Town Clerk	N/A
Item 4	1997	Proper authorization should be obtained prior to charging off uncollectible Utility Fund accounts receivable.	Yes	N/A	Teri Speyrer, Town Clerk	N/A

OTHER SUPPLEMENTAL INFORMATION

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
September 30, 1998 and 1997

Records maintained by the Town indicated the following number of customers were being served during the month of September 1998 and 1997:

<u>Department</u>	<u>1998</u>	<u>1997</u>
Gas (metered)	590	564
Water	590	580
Sewer	553	543

TOWN OF MELVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended September 30, 1998 and 1997

	Totals	
	1998	1997
Operating revenues:		
Charges for services -		
Customers	\$ 336,594	\$ 326,547
Other charges	9,764	7,355
Miscellaneous -		
Stemco franchise	51,469	49,312
Other	3,770	1,795
Total operating revenues	<u>401,597</u>	<u>385,009</u>
Operating expenses:		
Salaries	59,182	67,740
Payroll taxes	5,451	6,713
Natural gas purchases	65,075	81,399
Repairs and maintenance	21,033	42,653
Insurance	13,359	20,147
Office expense	126	1,384
Supplies	5,684	10,043
Professional fees	6,880	4,750
Telephone	3,206	3,000
Utilities	33,120	35,997
Depreciation	129,285	128,702
Bad debts	1,344	816
Auto expense	1,676	1,793
Miscellaneous	3,936	4,541
Total operating expenses	<u>349,357</u>	<u>409,678</u>
Operating income (loss)	<u>52,240</u>	<u>(24,669)</u>
Nonoperating revenues (expenses):		
Interest income	14,260	12,571
Interest expense	(69,888)	(71,926)
Water grant	123,386	-
Total nonoperating revenues (expenses)	<u>67,758</u>	<u>(59,355)</u>
Income (loss) before operating transfers	<u>119,998</u>	<u>(84,024)</u>
Operating transfers in (out):		
Operating transfers in	29,374	55,897
Operating transfers out	(75,317)	(109,586)
Total operating transfers in (out)	<u>(45,943)</u>	<u>(53,689)</u>
Net income (loss)	74,055	(137,713)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>90,920</u>	<u>90,921</u>
Increase (decrease) in retained earnings	164,975	(46,792)
Retained earnings, beginning	<u>366,950</u>	<u>413,742</u>
Retained earnings, ending	<u>\$ 531,925</u>	<u>\$ 366,950</u>

Gas		Water		Sewer	
1998	1997	1998	1997	1998	1997
\$157,072	\$159,553	\$ 85,683	\$ 72,988	\$ 93,839	\$ 94,006
6,317	3,064	3,447	4,291	-	-
33,302	34,025	18,167	15,287	-	-
3,770	1,795	-	-	-	-
<u>200,461</u>	<u>198,437</u>	<u>107,297</u>	<u>92,566</u>	<u>93,839</u>	<u>94,006</u>
29,668	33,987	17,087	19,592	12,427	14,161
2,659	3,525	1,724	2,094	1,068	1,094
65,075	81,399	-	-	-	-
9,567	10,872	1,293	7,619	10,173	24,162
7,127	10,750	5,180	7,831	1,052	1,566
126	1,384	-	-	-	-
-	-	5,684	10,043	-	-
1,980	1,500	3,900	2,250	1,000	1,000
-	-	3,206	3,000	-	-
1,807	1,956	17,233	18,726	14,080	15,315
43,650	43,076	15,935	16,296	69,700	69,330
448	272	448	272	448	272
176	1,793	1,500	-	-	-
2,526	1,171	160	2,196	1,250	1,174
<u>164,809</u>	<u>191,685</u>	<u>73,350</u>	<u>89,919</u>	<u>111,198</u>	<u>128,074</u>
<u>\$ 35,652</u>	<u>\$ 6,752</u>	<u>\$ 33,947</u>	<u>\$ 2,647</u>	<u>\$(17,359)</u>	<u>\$(34,068)</u>

TOWN OF MELVILLE, LOUISIANA

Schedule of Interest-Bearing Deposits - All Funds
September 30, 1998

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Special Revenue Fund:				
1989 Sales Tax Fund				
Insured money market	N/A	N/A	Various	\$ 18,651
Certificate of deposit	181 days	03/25/99	4.60%	<u>15,000</u>
Total - special revenue fund				<u>33,651</u>
Debt Service Fund:				
Insured money market -				
General Obligation Bond 08/14/91 Fund	N/A	N/A	Various	<u>15,701</u>
Utility Fund:				
Insured money markets -				
Operating - unrestricted	N/A	N/A	Various	9,788
Operating - unrestricted	N/A	N/A	Various	7,972
Meter deposits	N/A	N/A	Various	8,253
Gas Revenue Bond and Interest Sinking Fund	N/A	N/A	Various	67,513
Sewer Revenue Bond and Interest Sinking Fund	N/A	N/A	Various	20,699
Gas Revenue Fund	N/A	N/A	Various	37,260
Sewer Reserve Fund	N/A	N/A	Various	30,210
Gas Depreciation and Contingency Fund	N/A	N/A	Various	37,105
Sewer Depreciation and Contingency Fund	N/A	N/A	Various	29,290
Certificate of deposit -				
Meter deposits	182 days	11/03/98	5.00%	<u>24,082</u>
Total - Utility Fund				<u>272,172</u>
Total - all funds				<u>\$321,524</u>

TOWN OF MELVILLE, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
September 30, 1998

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	\$ 100,000
Surety Bonds -	
Treasurer	201,000
Town clerk	201,000
Assistant clerk	181,000
Mayor	181,000
Mayor Pro-Tem	181,000
Fire, Extended Coverage, Blanket Policy: All Town buildings and contents	1,171,500
Comprehensive Liability and Collision: Fire trucks, police car, rescue unit, and utility vehicle	350,000
Commercial General Liability Policy	500,000
Public Officials Errors and Omissions	100,000
Law Enforcement Officers Liability Coverage	100,000

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MANAGEMENT LETTER

The Honorable James Fontenot, Mayor
and Members of the Board of Aldermen
Town of Melville, Louisiana

We have completed our audit of the financial statements of the Town of Melville, Louisiana, as of and for the year ended September 30, 1998. The following suggestions for your information and consideration relative to improving the internal controls and financial practices of the Town were also included in our management letter for the prior year, but are mentioned again for reemphasis:

- (1) Town officials should seriously consider increasing collection efforts to ensure that all ad valorem taxes due to the Town are collected in a timely manner.
- (2) Although much improvement was made regarding Utility Fund profitability, town officials should continue to closely monitor sewer department expenses in order to eliminate operating this department at a deficit.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC
Certified Public Accountants

Lafayette, Louisiana
February 26, 1999